



Focus on Gambling

Home Poker Games

With the growing popularity of poker, especially on TV, we are receiving an increased number of questions about poker and what is allowed. Home poker games are permitted in Washington as long as professional gambling does not occur. Generally, this means no fees may be charged for arranging, facilitating, organizing, or operating card games and all money must go back to the players.

Persons who are found to be engaging in Professional Gambling are subject to criminal prosecution under Washington State criminal laws. The following may help you determine if you are operating home poker games legally.

Professional Gambling First Degree

RCW 9.46.220

Any person who operates, manages, or profits from the operation of a premises or location where persons are charged a fee to participate in card games is conducting First Degree Professional Gambling, a class B felony. For example, you cannot charge a fee for your friends to play in a poker game. A class B felony has a maximum penalty of ten years in prison, or a \$20,000 fine, or both.

Professional Gambling Second Degree

RCW 9.46.221

Any person who maintains a "gambling premises," defined in RCW 9.46.0249 as "any building, room, enclosure, vehicle or other place used or intended to be used for professional gambling," is conducting Professional Gambling in the Second Degree, a class C felony. For example, you let a friend use your house to conduct a poker game and players are charged a fee to play in the game. A class C felony has a maximum penalty of five years in prison, or a \$10,000 fine, or both.

Professional Gambling Third Degree

RCW 9.46.222

Any person who engages in or knowingly causes, aids, abets, or conspires with another to engage in professional gambling and whose conduct does not constitute first or second degree Professional Gambling is guilty of Professional Gambling in the Third Degree. Professional Gambling in the Third Degree is a gross misdemeanor. For example, you play in a game where a fee is being charged, beyond your own gambling winnings. A gross misdemeanor has a maximum penalty of one year in prison, or a \$5,000 fine, or both.



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Alan Parker, Vice Chair
Curtis Ludwig
George Orr
John Ellis

Ex-Officio Members:

Senator Margarita Prentice
Senator Jerome Delvin
Representative Alex Wood
One representative position vacant

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Manager Dallas Burnett

Licensing Investigations

Agent in Charge Terry Westhoff

Field Operations

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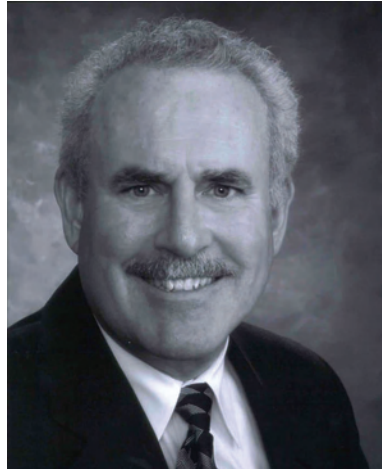
Southwest Region

Agent in Charge Paul Swartz



Newsletter editor, layout and design
Susan Arland, Rules Coordinator and
Public Information Officer
(360) 486-3466 or
Susana@wsgc.wa.gov

Meet our Newest Members



John Ellis was appointed as Gambling Commissioner and attended the February 2005, Commission meeting. Commissioner Ellis is an attorney with many years of experience in complex litigation, bankruptcy, public construction, and management. During 28 years with the Washington State Attorney General's Office (AGO), Commissioner Ellis served as one of the six Deputy Attorneys General responsible for the administration of the office, as Manager of the AGO Seattle office, as Chief of the Consumer Protection and Antitrust Division, as Chief of the Bankruptcy and Collections Unit,

and as general counsel to the state Convention and Trade Center. He is a past Chairman of the Consumer Protection and Antitrust Section of the state Bar Association. Since 2001 he has practiced in his own law firm. He is a graduate of the University of Washington Law School and received his B.A. from the UW in political science. Commissioner Ellis is a Vietnam veteran.



Senator Jerome Delvin was appointed as the newest legislative ex-officio member of the Gambling Commission in March 2005. Senator Delvin has served in the Legislature since 1995. He is a lifetime resident of Benton County and represents the 8th legislative district. Senator Delvin is a Richland Police Officer and has served in that position since 1979. Ex-officio members act as liaisons to the rest of the legislature on gambling issues. They only vote on tribal/state compacts and amendments. Senator Delvin replaces former Senator Shirley Winsley. Other ex-officio members of the Commission are Senator Margarita Prentice and Representative Alex Wood. One remaining Representative position is currently vacant.



2005 Commission Meeting Update

When the 2005 Commission meeting schedule was published in the last newsletter, a location for the October meeting had not yet been determined. Yakima has now been selected for the October meeting location.

2005 Legislative Update

Several bills relating to gambling were introduced during the 2005 legislative session; however, only the problem gambling bill (SHB 1031) has become law.

If you want further information on a bill, you can check the legislature's home page at www.leg.wa.gov by putting in the four digit bill number. Or you may contact Amy Blume Hunter, the Commission's Legislative Liaison, at amyb@wsgc.wa.gov or (360) 486-3463.

Problem gambling (SHB 1031): This new law funds problem gambling (including treatment) through a Business and Occupation tax on commercial and charitable licensees, as well as lottery and horse racing activities. The Department of Revenue will collect this tax, not the Gambling Commission.

The tax is based on the gross income of the business (after prizes) and will be 0.1% through June 30, 2006, and 0.13% thereafter. This law will become effective July 1, 2005.

This new law also nullifies the Problem Gambling Education and Awareness Fee passed by the Commission last November, which was not effective until June 30, 2005, and was set to expire if the Legislature passed a bill to fund problem gambling. This rule is now up for repeal (see page 8).

The new law exempts licensees with fewer than \$50,000 in gross income (after prizes). The effect is that about two-thirds of small licensees will not have to pay this tax.



Several other gambling related bills were introduced, but **didn't make it through the process**. They may be reconsidered during the 2006 Legislative Session:

- **Card room gambling taxes (SSB 5287):** The original bill would have imposed a 10% state tax and would have applied to all commercial card rooms with gross receipts (including poker). This bill was amended to impose a 5% state tax on house-banked card rooms only.

The bill would have reduced the maximum local tax cities and counties can collect from 20% to 10%. If the local tax is already above 10%, the licensee would get a credit. If the local jurisdiction already taxes above 10%, they cannot increase the tax beyond the rate it was on January 1, 2005.
- **Limiting the number of house-banked card rooms (SSB 5994):** This bill would limit the number of house-banked card rooms to locations licensed as of March 10, 2005, or that had submitted an application by then, unless the local jurisdiction subsequently enacts an ordinance "prohibiting such gambling."
- **Zoning card rooms (SB 5591)**
- **Banning internet gambling (SSB 5878)**
- **Prohibiting out-of-state gambling businesses from contributing towards gambling-related Initiatives in Washington (SB 5879)**
- **Quarterly activity reporting for card rooms (SSB 6057)**
- **Prohibiting charitable/nonprofit organizations from owning commercial gambling businesses (SHB 2175)**
- **Allowing state agencies to conduct limited uncensored raffles (SHB 1944)**

Commercial Operators' Activity Reporting

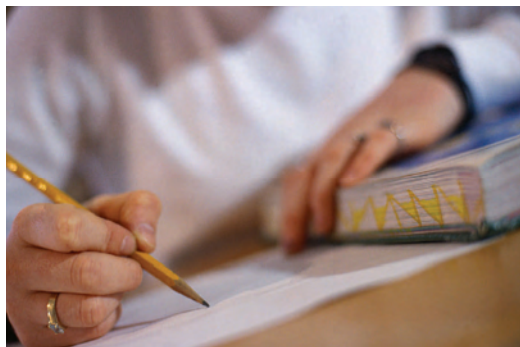
By Kathleen Mills, Special Agent, Licensing Investigations

Last year we began collecting more detailed financial information from card rooms (audits, reviews, compilations: WAC 230-40-823). Because of the new reporting requirements, we reviewed card room quarterly activity reports to remove duplications in reporting.

After card room activity reporting processes were studied, it was found the integrity of our regulatory program could be maintained, while collecting less information on activity reports.

This led to the evaluation of our other commercial licensee reporting requirements (punchboard/pull-tab, distributor, manufacturer, and linked bingo prize provider). We receive nearly 6,500 of these commercial activity reports each year.

First we determined what information was necessary to support our regulatory program. We shared a mock-up of the streamlined reports at a licensee study session. Based on comments from those attending, we made a few more changes.



We hoped the new reports would be easier to prepare and take less time to fill out. We also hoped more reports would be submitted on time, reducing

staff time needed to follow-up on late reports.

The new reports were distributed for third quarter 2004 and we have received over 25 positive comments about the streamlined reports. A few of them are on the right half of this page.

We're glad you like the changes! We usually hear feedback when something isn't liked. Thanks to those that sent the positive comments. We also had the bonus of fewer late reports for 3rd and 4th quarters 2004.

Finally, because we now collect less information, you'll notice changes in our statistical booklets. Check out the new look starting with our 3rd quarter statistical booklet at www.wsgc.wa.gov/Statistics/LicensedOperatorActivity/Quarterly / September 30, 2004.

Just wanted to let you know your new Gambling Report only took me ½ hour instead of ½ day! Thanks for listening and making changes.

Thank you for streamlining the Quarterly Activity Report.

Thank you for the wonderful changes to the Quarterly Activity Reports. The time to complete them was dramatically reduced. And I do mean dramatically. They were not only very quick to complete, but they were a lot simpler. Thank you for implementing these wonderful changes.

The new format is WONDERFUL! 40 minutes start to finish and that included the county report and figuring the gross food sales. It was so easy I have to think I must have made a mistake.

You have made my day!!! I opened my quarterly report today and was quite surprised with the changes you made to the reporting process. It is nice to know that you and your staff are continually reviewing the reporting process to simplify and make my business life less stressful. Thank you, to you and your staff for all your efforts.

Congratulations on the new qtrly report. This is the first step I've seen in 26 years as a licensee toward simplicity rather than complexity. Keep it up!

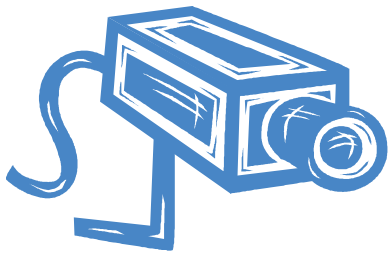
THANK YOU THANK YOU THANK YOU! These are great!!!! I have spent the last year putting together a program to report the figures on these forms and it has been one big pain in my side. I was finally getting it down to a science but it still took a good part of the day to get the figures correct! Usually when a government or tax agency makes a change it means more work for us poor bookkeepers and accountants, but this time YOU DID GOOD!!!!

Card Rooms Digital Surveillance

By Collene Engle, Licensing Supervisor

Businesses that install, integrate, maintain, or service a card room's digital surveillance system must have a gambling license if their work gives them direct access to the digital surveillance operating systems.

The key is "direct" access to the operating system. That means, if a business provides services that put them in a position to be able to manipulate surveillance recordings to cover irregularities, they will need to be licensed. Both the business and their employees that provide the services must be licensed as a Service Supplier.



Surveillance is an important part of a card room's security and control features. As such, we conduct criminal background checks on persons who may be in a position to manipulate surveillance recordings to ensure they are qualified to access the system.

Card room operators must verify that persons providing installation, integration, and maintenance of their digital surveillance systems have a gambling license, if the work gives them direct access to the surveillance system. If you are unsure whether the business or person needs a license or not, call your local field agent (see back page for contact information).

You may download the Service Supplier application from our website at www.wsgc.wa.gov / Forms / Applications.

If you would like an application sent to you or have questions, please let us know: receptionist@wsgc.wa.gov
(360) 486-3440
(800) 345-2529 in-state only

Charitable and Nonprofit Operators Checking Accounts & Recordkeeping

By Jeannette Sugai, Special Agent Supervisor

Last year, the Check Clearing for the 21st Century Act (Check 21) changed the way checks are processed by the banking system. Check 21 allows the banking industry to "truncate" checks by creating either an Image Replacement Document (IRD) or a paper "substitute check" to process information electronically rather than processing the original paper check. The IRD documents and substitute checks contain readable images of the front and back of the check, and contain a valid magnetic ink character recognition line that accurately reflects data on the original check.

Although Check 21 does not require banks to utilize this method of electronic processing, a majority of banks will likely move to this method over the next 12 to 18 months. Because the original paper check is replaced by the IRD or substitute check, banks using the new method will no longer make cancelled checks available to their account holders.

If you are Class D or above bingo licensee, or your organization is authorized to receive more than \$500,000 in gross gambling receipts from combined activities during the calendar year, you must maintain accounting records necessary to document all receipts and disbursements (WAC 230-08-095). The minimum accounting records required are bank statements, related deposit slips, and *cancelled checks*. So, how does the new Check 21 Act affect the requirement for charitable and non-profit licensees to retain cancelled checks as part of their monthly and annual accounting records?

Banks that choose to process checks under the new method must notify all customers that they may no longer receive their original checks back and instead may receive IRDs or substitute checks. Customers who have requested cancelled checks to be returned with their bank statements could then receive a mixture of substitute checks and cancelled checks.

Nonprofit and charitable licensees will be considered in compliance with the requirements of WAC 230-08-095 as long as they maintain cancelled checks, IRDs and/or substitute checks for all expenditures. If your bank utilizes the new processing method and does not automatically provide IRDs or substitute checks, you must ask them to provide them so you will be in compliance with this rule.



If you have any questions regarding Check 21 and how it affects your gambling license and accounting record requirements, please contact your local gambling agent.

Recent Rule Interpretations

Last July, we began including recent rule interpretations in this newsletter in order to help ensure consistency in our rule enforcement. Another way we keep you aware of recent rule interpretations is at monthly licensee study sessions. Study sessions are held Thursday mornings prior to each Commission meeting. Study sessions usually begin at 10:00 am for nonprofits, and 11:00 am for commercial operators.

The Commission meeting schedule for the remainder of the year is on page 14. Study Session agendas are posted on our website one week prior to each meeting. Go to www.wsgc.wa.gov / Public Meeting / Thursday's Commission meeting agenda and click on study session agenda to see items up for discussion and confirm the meeting time.

Please note that many of these will be converted to rules as we move forward with the *Rules Simplification Project*. In the meantime, we will continue to relay answers to frequently asked questions in this newsletter and at study sessions.

Field Agents are trained on these rule interpretations and they are the guidelines we are operating under. Contact your local field agent for questions. The following rule interpretations were made during the last six months:

Card Gaming Tables

WAC 230-02-412, WAC 230-40-030, RCW 9.46.0282

Several questions have arisen regarding the possession, use and storage of gaming tables in a house banked establishment. The RCW limits the number of tables to the establishment as a whole, while the WAC limits the number of tables on the gaming floor.

A house-banked licensee is able to possess more tables than the license allows but excess tables must be stored in an area of the establishment that is not open to the public at any time. Furthermore, stored tables cannot be used for gambling while not on the gaming floor.

A licensee cannot change a gaming table into some other use, leave it on the gaming floor and add another gaming table. The number of gaming tables on the floor, regardless of use, cannot exceed the number of allowable tables of the license held by the establishment.

Card Tournaments for Discontinued Jackpots

WAC 230-40-805(3)(a)(ii), WAC 230-40-610(10)(a)

If tournaments are used to distribute money from a discontinued jackpot, players cannot be charged an entry fee or any buy-ins to play in the tournament. This applies to both house-banked progressive jackpots and player-supported jackpots.

Seeding Player-Supported Jackpots

WAC 230-40-610(1)

Card room operators must only contribute house funds to a player-supported jackpot (PSJ) fund during the initial start-up of the PSJ. An initial seed amount of up to \$5000 may be used to seed the PSJ. No additional house funds can be added after the PSJ fund is established.

Count Team Members

WAC 230-40-885(2)

Count team members must hold a gambling license and not work in the surveillance or accounting department. Furthermore, cage cashiers that review, approve, or prepare records used in the count process cannot be on the count team.

Promotions

WAC 230-40-010, WAC 230-12-045

Any additional merchandise or cash prizes added by operators to non-proprietary card games like Blackjack or Pai Gow, in addition to the normal payouts for such games, are considered a gambling promotion and subject to the limitations imposed by WAC 230-12-045.

Additional merchandise or cash prizes may not be added to proprietary card games, games for which casinos pay a fee to operate like Let It Ride or Three Card Poker, without the approval of the company that owns the rights to such games. The approval must be in the form of the company submitting an alternative pay-table that includes the additional or revised prize payout to the Commission for review and approval. These revised pay-tables will then be available for all card rooms in Washington to use. These prizes are now part of the game rules and are considered prize payouts on the game. Because of this, they are not a gambling promotion.

Possession of Bingo Equipment

WAC 230-12-335, RCW 9.46.0321

A charitable/nonprofit organization that meets the qualifications of RCW 9.46.0209 to conduct bingo may possess bingo equipment without a license. It shall be the responsibility of all licensees to ensure that gambling equipment is closely controlled and possessed only by authorized persons.

Checking Accounts for Charitable and Nonprofits

WAC 230-08-095(4)(f)

A new law, Check Clearing for the 21st Century Act, changes the way banks process checks. Please see the article on page 5 for details.

Adopted Rule Changes

Effective July 1, 2005

Remove these updated rules (pages 15 -27) and put them in your September 2004 Rules manual.

Expirations Dates on Bingo Gift Certificates

WAC 230-20-115

Last year, Washington State law was changed to prohibit expiration dates on most gift certificates. This rule was updated to match State law.



Members-only Raffles

WAC 230-20-335

The maximum price that can be charged for a single members-only raffle ticket, when tickets are sold at a discount, was increased from \$2 to \$10.

NSF Check Processing Charge

WAC 230-04-270

The commission established a \$15 non-sufficient fund check processing charge 24 years ago. Due to increasing costs of doing business, the processing charge was increased from \$15 to \$30. This is the average charged by retailers and banks in the Thurston County area.

Card Room Employees

WAC 230-04-142



Card room employees (CRE) are charged a transfer fee each time they begin working for a new card room.

Currently, transfer fees accrue and are due when the CRE renews their license. Staff spend a significant amount of time tracking these fees, and accrued fees can be a problem for CREs at license renewal time.

Transfer fees are now due when a change in employment takes place (pay-as-you-go), rather than at license renewal time. This should reduce staff time spent tracking fees.

Temporary Licenses

WAC 230-04-255

This change gives the director authority to issue temporary licenses to manufacturers and house-banked card rooms. This allows qualified applicants to begin operating as soon as staff determine they are qualified to hold a gambling license. The applicant will then be scheduled for formal Commission approval at the next Commission meeting.

Commercial Operators'

Activity Reporting

WAC 230-08-130, 08-140, 08-150, 08-160, 08-165, 12-305, 12-310

Activity reporting was reduced from four times a year to twice a year for commercial licensees (card room, punchboard/pull-tab, manufacturer, distributor, and linked bingo prize provider).

Reducing the number of times these licensees report activity, in addition to the new activity reports (see page 4), should reduce staff time needed to mail, audit, monitor, and input the data.

We will continue collecting information needed to determine compliance with gambling rules and laws.

Activity reports for 2nd and 4th quarters will continue to be due at the same time they are now; 30 days after the end of the quarter (July 30 and January 30, respectively).

Where you will notice a change is that the 1st quarter activity report would be due July 30, rather than April 30; and the 3rd quarter activity report would be due January 30, rather than October 30.



Rule Changes Filed at the June Commission Meeting

Budget Reduction Rule Proposals

Last year, \$2.5 million was transferred from our working capital to the State's General Fund. In response to the transfer, the Commission approved a reduced budget for the 2005-07 biennium. These rules package supports those budget reductions.

These two rule packages are designed to offset the elimination of the Special Agent Coordinator Positions, scheduled for July 1, 2005.

These proposals were filed at the June Commission meeting and will be discussed at the August and September Commission meetings. See page 14 for meeting dates and locations.

Manufacturers and Distributors Removing credit and pricing restrictions

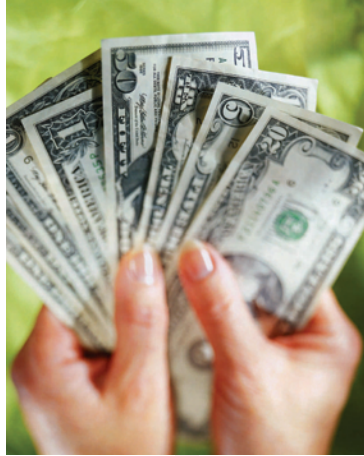
Currently, staff monitor discriminatory pricing and credit restrictions between manufacturers and distributors. The proposed changes would remove rules relating to these restrictions. Staff believe pricing and credit can be business decisions made by the industry, rather than the Commission.

Raffle Approvals WAC 230-20-325, 230-20-335

During a standard raffle, all tickets are sold for the same price and winners drawn from a receptacle (for example, a bucket).

If an operator gets a raffle license and special approval from staff, tickets can be sold at a discount (one for \$5 or three for \$10) and winners may be selected using an alternative drawing format (for example, a duck race or poker run).

This rules package simplifies the raffle rules by including approved discount plans and alternative drawing formats in the rules. This will reduce staff time spent reviewing and approving each request.



Problem Gambling Fee Repealer WAC 230-04-208

This repealer was filed at the June Commission meeting and will be up for Adoption at the August Commission meeting.

This rule repeals the problem gambling fee the Commission passed last November, which was to be effective June 30, 2005. Following is a brief history of this rule.

In November 2004, the Commission adopted a rule to establish a fee to provide a stable funding source of approximately \$232,000 each year for a problem gambling helpline, and training and awareness services (RCW 9.46.071).

The fee was to be paid by licensed charitable/nonprofit and commercial organizations. The rule included a sunset clause that the fee would automatically expire if the legislature adopted a law that appropriated funds for the same purposes.

During the 2005 Legislative Session, a law was adopted to fund Problem Gambling treatment, education, and awareness (ESHB 1031). See article on page 3 for more about the new law.

As written, in the Commission's original rule and the new law, the Commission's problem gambling fee would not take effect. However, in the interest of being clear, this rule is up for repeal.

If you have comments about a proposed rule change, you are encouraged to attend a public hearing. If you are unable to attend, send your comments to:
rulesteam@wsgc.wa.gov: or
WSGC, Attention: Rules Team
PO Box 42400, Olympia, Wa 98504-2400

Rule Change Under Discussion

Recreational Gaming Activities WAC 230-02-505

What is a Recreational Gaming Activity (RGA)?

RGAs are not a gambling activity and its purpose is purely entertainment. Participants are each given the same number of chips and the chips have no value (scrip). Additional scrip cannot be purchased. The only cost to participants is to defray costs of food or entertainment. Sponsoring organizations may hire a licensed fund-raising event equipment provider to bring in professional gambling tables, and/or staff to operate the games. All prizes are donated and players may bid on them at the end of the evening, using scrip collected during the event. RGAs are often sponsored by companies as a way to get employees together to socialize (for example, a company may sponsor a RGA during a holiday party).

Requirements: Organizations must be in existence for at least six months before sponsoring a RGA and they can sponsor two events each year. Only members and guests of the sponsoring organization may participate. Only activities authorized at Fund-Raising Events (FREs) are allowed at RGAs. Poker is not allowed at FREs; therefore, it's not allowed at RGAs.

What changes are under discussion? The growing popularity of poker has brought this rule change to the Commission at the request of several FRE Equipment Providers. Under discussion are amendments to allow poker at RGAs, allow organizations to sponsor more than two events each year, and no longer require sponsoring organizations to be in existence at least 6 months.

Staff does not have regulatory concerns with poker at RGAs or allowing organizations that have not been in existence for 6 months to sponsor an event. However, staff has regulatory concerns allowing organizations to sponsor an unlimited number of RGAs.

Staff anticipates an increased number of calls and/or complaints from persons that see the event taking place and wondering whether it is legal. Furthermore, callers may believe gambling is taking place at the event. Normal agency procedures are to follow-up on calls and complaints. The \$50 permit fee would not cover these costs to the agency. Staff is also concerned about the proliferation of events and the amount of gambling equipment in the state. Staff support an amendment to allow individual departments within an organization, business or association to each offer two events each year.

Elimination of Special Agent Coordinator Positions

Several years ago, four special agent "coordinator" positions were created (card room, nonprofit, manufacturer/distributor, and gambling devices). These agents act as a clearinghouse for complicated questions, conducting reviews and issuing approvals for special requests related to their assigned area of expertise.

Beginning July 1, 2005, Special Agent Coordinator positions will be eliminated as part of the Commission's reduced budget for the 2005-07 biennium.

Licensees are asked to direct all questions directly to their assigned field agent. If you are unsure who your assigned agent is, please contact our field office closest to you. Field office contact information is on the back page.

Rules Simplification Project Update

The Rules Simplification Project (RSP) continues to move ahead. The Licensing Section of the rules manual is the first section to be reviewed and rewritten using Clear English techniques.

Staff are currently working with Ms. Heston (RSP Project Manager) to reorganize and rewrite the Licensing Rules.

We anticipate this section will be ready for presentation to the Commission at their August 2005, meeting.

General Rules for Licensees are the next chapter to be rewritten. We anticipate these rules will be discussed at the September 2005, Commission meeting.



If you have any questions about the RSP, please contact Beth Heston at: (360) 486-3464; or bethh@wsgc.wa.gov

Administrative Actions for Late Activity Reporting

By: Michelle Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
American Legion #209, Moses Lake	Failure to timely submit its Quarterly Activity Report (QAR) for the third quarter of 2004.	The licensee agreed to a fifteen-day suspension. Five days were deferred for two years. Ten days were vacated by payment of \$750. The licensee also agreed to reimburse the Commission for its investigative and administrative costs of \$300, for a total fine of \$1,050.
Chaser's Bar & Grill, Kirkland	Failure to timely submit its QAR for the second quarter of 2004.	The licensee did not request a hearing; therefore, an Order of Default was entered at the January Commission meeting, revoking the license.
Corner Tavern & Grill, Bow	Failure to timely submit its QAR for the second quarter of 2004.	The licensee agreed to a fifteen-day suspension. Five days were deferred for two years; the remaining ten days were vacated by a payment of \$750. The licensee also agreed to reimburse the Commission for its investigative and administrative costs of \$300, for a total fine of \$1,050.
GK's Sports Bar & Grill, Vancouver	Failure to timely submit its QAR for the second quarter of 2004.	On December 27, 2004, the Administrative Law Judge (ALJ) issued his Initial Order, suspending the licensee for twenty days. The licensee did not appeal; therefore, the ALJ's order has become final. The suspension period ran from February 7 through February 27, 2005.
Homeport Tavern, Everett	Failure to timely submit its QAR for the second quarter of 2004.	The licensee did not request a hearing; therefore, an Order of Default was entered at the January Commission meeting, revoking the license.

Fines Paid for Late Activity Reports 3rd & 4th Quarters 2004

Jack-Sons Sports Bar, Kennewick	\$300
Mick Finsters Pub & Grill, Edmonds	\$300
O'Finnigan's Pub, Everett	\$300
Sharkeys Pub, Sumner	\$300
Sundown Saloon, Sequim	\$300
Hoodsport Inn/Restaurant, Hoodsport	\$500

Schedule of Fines

First Offense	\$300
Second Offense	\$500
Third Offense	Administrative action taken to revoke gambling license

Administrative Case Update

By: Michelle Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
American Legion #176, Vancouver	Failure to submit its annual progress report and financial statements.	The licensee agreed to a five-day suspension. The five days were vacated by payment of \$750. The licensee has also instituted changes in its record keeping and reporting system.
Boys & Girls Clubs of South Puget Sound, Tacoma	Failure to submit its annual progress report and financial statements.	The licensee agreed to a five-day suspension. The five days were vacated by payment of \$750.
Digideal, Spokane	Failure to meet reporting requirements for twelve loans, to submit a revision of a loan limit, and untimely reporting two promissory notes.	The licensee agreed to a three-day suspension, one day deferred for one year, two days were vacated by payment of administrative costs and fines of \$3,928.
Annie Fannie's, Spokane	Failure to maintain complete and accurate financial statements on an accrual basis, and its failure to maintain permanent monthly records of all financial transactions.	The licensee agreed to a ten-day suspension. Seven days were deferred for one year, and three days of the suspension were served in February.
Amusement Services, Inc., Seattle	Maintaining four commercial amusement games in an unlicensed premise.	The licensee agreed to a twenty-day suspension. Nineteen days were vacated by payment of \$7,500. The licensee also agreed to reimburse the Commission for its investigative and administrative costs of \$375, for a total fine of \$7,875.
TLC Skate & Fun Center, Kent	Operating four commercial amusement games without a license from December 1, 2003, through August 31, 2004.	The licensee agreed to a ten-day suspension. Five days were deferred for one year. The remaining five days were vacated by payment of \$2,000. The licensee also agreed to reimburse the Commission for its investigative and administrative costs of \$825, and to pay its back license fee of \$137, for a total fine of \$2,962.



Administrative Case Update Continued

Name	Violation	Case Outcome
Cascade Food Services, LLC, Shoreline	Denial of the non-profit's application for commercial gambling licenses, based on the Commission rule that prohibits a non-profit organization from creating a for-profit organization to operate gambling activities.	On November 7, 2003, Commission Staff, through its Assistant Attorney General, made a Motion to Dismiss, which was granted by the Superior Court Judge. This matter was remanded back to the Administrative Law Judge (ALJ). On March 16, 2004, the ALJ upheld the decision to deny the application for a commercial gambling license. The licensee did not file a Petition for Review before the Commission; however, on April 14, 2004, the licensee filed a Petition for Review and a Declaratory Order with the Thurston County Superior Court. A Motion to Dismiss the Petition was denied on August 27, 2004. A hearing was held December 10, 2004. Judge Casey addressed only one issue, ruling against the Commission. She found that the rule was unconstitutional, invalidated the rule, and remanded the case to the Commission to reconsider the application in the absence of the WAC rule. Her reasoning was 1) The RCW contemplates exceptions and the ban on nonprofit involvement in commercial gambling conflicts with the statute. 2) The WAC restriction on "ownership" in addition to management and operation is in direct conflict with the statute. The Court entered an order on January 31, 2005. Neither party appealed.
Fraternal Order of Eagles #24, Aberdeen	Allowing a convicted felon to conduct gambling activities.	On September 8, 2004, the ALJ issued his Initial Order, suspending the licenses for thirty days. The licensee filed a Petition for Review on September 28, 2004, which was heard at the November Commission meeting. The Commissioners upheld the thirty day suspension, which was served from December 2, 2004, through January 3, 2005.
Adam D. Johnson, CRE (formerly employed by Big Daddy's, Spokane)	Removing a purse and its contents from the security room.	The licensee did not request a hearing and the Commissioners entered an order on default on February 11, 2005, revoking the license.

Washington State Council on Problem Gambling
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Administrative Case Update Continued

Name	Violation	Case Outcome
Phillip Nguyen, CRE (formerly employed by Z's Restaurant at Zeppoz, Pullman)	Assault of another casino employee while off duty.	The licensee did not request a hearing; therefore, an Order of Default was entered at the January Commission meeting, revoking his license.
Angela M. Pagnossin, CRE (formerly employed by Chips Casino, Tukwila)	Taking the house's chips to play poker and by doing so, extending credit.	The licensee agreed to surrender her gambling license. The licensee also agreed not to hold or reapply for a gambling license for twelve months.
Michael Schmidt, CRE (formerly employed at Silver Dollar Casino, Mountlake Terrace)	Theft of at least \$900 in chips while working as a dealer.	The licensee requested a hearing, but failed to appear on October 19, 2004. On November 8, 2004, the ALJ issued his Initial Order, upholding the revocation of the license. On November 12, 2004, the licensee requested the Initial Order of Default be vacated. A hearing was held December 22, 2004. On January 28, 2005, the Administrative Law Judge issued his Initial Order, revoking the license.
Thoi Truong, CRE (Midway Casino, Des Moines)	Theft of \$20 while dealing at the Silver Dollar Casino in Mountlake Terrace.	The ALJ issued his Initial Order, suspending the license for fourteen days. Staff filed a Petition for Review, which was heard at the January Commission meeting. The Commissioners affirmed the ALJ's order.
Ronnie C. Ware, CRE (Crazy Moose Casino, Pasco, and Coyote Bob's, Kennewick)	Criminal history and failure to pay court-ordered fines.	On January 19, 2005, the ALJ issued his Initial Order, revoking the license. The licensee did not appeal.
Jon Snowden, Class III Employee (Yakama Legends Casino, Toppenish)	Criminal history, failure to fully disclose history, failure to comply with court orders.	On January 24, 2005, the ALJ issued his Initial Order, revoking the license.
Jason Trimble, Class III Employee (formerly employed by Lummi Silver Reef Casino, Ferndale)	Attempted theft of an \$80 tip while employed as a Tribal Lottery System supervisor at the Silver Reef Casino.	The licensee did not request a hearing; therefore, an Order of Default was entered at the January Commission meeting, revoking his license.



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Commission Meeting Schedule June - December 2005

June 9th & 10th

LaConner Maple Hall

108 Commercial Street

LaConner, WA 98257

Lodging at the Country Inn (360) 466-3101

July 14th & 15th

No Meeting!

August 11th & 12th

The Heathman Lodge

7801 NE Greenwood Drive

Vancouver, WA 98662 – (360) 254-3100

September 8th & 9th

Red Lion Hotel Pasco

2525 N. 20th Avenue

Pasco, WA 99301 – (509) 544-3910

October 13th & 14th

Clarion Hotel & Conference Center

1507 North 1st Street

Yakima, WA 98901 - (509) 248-7850

November 17th & 18th

DoubleTree Guest Suites

16500 Southcenter Parkway

Seattle, WA 98188 – (206) 575-8220

December

No Meeting!

AMENDATORY SECTION:**WAC 230-04-142 Notification to the commission upon beginning, terminating, or changing employment -- Public card room employees.**

A licensed public card room operator shall notify the commission in writing ~~((when))~~ before a card room employee ~~((has begun work))~~ begins working in the card room or has terminated employment for any reason.

- (1) The notification shall be submitted on a form provided by the commission.
- (2) Each notification shall be ~~((completed on or))~~ submitted before the card room employee's first day of work or when the employer determines the card room employee will no longer be working, as applicable, and shall reach the administrative office of the commission in Lacey, not later than 5 p.m. on the seventh business day following the employee's first day of work or last day of work, as applicable.

~~(3) ((The fee for transferring, adding, or converting from Class III shall be set forth in WAC 230-04-204 and will be paid by the card room employee at the time of license renewal.))~~

A fee, the amount of which is set forth in WAC 230-04-204, must be submitted before a licensed card room employee or certified class III employee begins working at another location.

- (4) This rule shall not apply to persons operating a public card room under a Class B or Class D license only.

AMENDATORY SECTION:**230-04-255 Director may issue temporary licenses - Procedures – Restrictions.**

The director may issue a temporary license upon the administrative approval of the application. The following procedures ~~((and restrictions))~~ apply to temporary licenses:

- (1) ~~((The director shall not issue temporary licenses to:~~
 - ~~(a) Manufacturers; and~~
 - ~~(b) Applicants to operate house-banked card games;~~
- ~~((2)))~~ Temporary licenses shall allow an applicant to conduct such activity for a period not to exceed sixty days.
- ~~((3)))~~ (2) If the application is not approved by the commission during the sixty day period, the temporary license shall become void: Provided, That if the commission does not conduct a meeting within the sixty-day period, the director may approve an additional temporary license to expire no later than the day following the next scheduled public meeting:
- ~~((4)))~~ (3) Once approved by the commission, a temporary license will be replaced with the issuance of a license to expire one year from the initial date of the temporary license.

AMENDATORY SECTION:**WAC 230-04-270 Bad checks submitted as payment of fees.**

The payment of a license fee by a check, which for any reason is not promptly paid by the drawee bank, shall be grounds for immediate administrative closure of a new application, voiding of a temporary license, or revocation of a continuing license. If an application or license is administratively closed, voided or revoked under this section, a new application must be submitted with fees payable only by certified check, money order, or cash. Upon notification that a check is not negotiable or when a check must be resubmitted for payment for any reason, the commission shall:

- (1) Add a processing (~~fee of fifteen~~) charge of thirty dollars to the required license fee; and
- (2) Notify the applicant by phone or in writing that payment in full, by certified check, money order, or cash, must be remitted within five days of the notification date. If the proper fee is not received within five days, the commission will proceed with appropriate administrative action.

AMENDATORY SECTION:

WAC 230-08-130 ((Quarterly)) Activity reports by operators of punch boards and pull-tabs.

Each licensee for the operation of punch boards and pull-tabs shall submit an activity report to the commission concerning the operation of the licensed activity and other matters set forth below:

(1) Reports shall be submitted ~~((detailing activities occurring during each of the following periods of the year))~~ as follows:

(a) Commercial licensees must report on activity occurring between:

~~(i) January 1((st through March 31st;~~

~~(b) April 1st)) through June 30((th)) of each year; and~~

~~((c)) (ii) July 1((st through September 30th; and~~

~~(d) October 1st)) through December 31((st)) of each year.~~

(b) Charitable/nonprofit licensees must report punch board/pull-tab activity in accordance with subsection (1) of this section, unless they are also licensed for Class D or above bingo.

(c) Class D or above bingo licensees with a punch board/pull-tab license must report punch board/pull-tab activity, on the combined quarterly report provided by the commission, to determine compliance with WAC 230-20-059.

(2) A report shall be submitted for any period of time the activity was operated or a license was valid. If a license is not renewed, a report for the period between the previous report filed and the expiration date shall be submitted;

(3) The report form shall be furnished by the commission and the completed report shall be received in the office of the commission or postmarked no later than thirty days following the end of the period for which it is made;

(4) The report shall be signed by the highest ranking executive officer or their designee. If the report is prepared by someone other than the licensee or an employee, the preparer shall print his/her name and phone number on the report;

(5) The report shall be completed in accordance with the related instructions furnished with the report. ~~((The report shall include the following:~~

~~(a) Gross gambling receipts from punch boards and from pull-tabs;~~

~~(b) Total amount of cash prizes paid out and the cost to the licensee of all merchandise prizes paid out for punch boards and for pull-tabs;~~

~~(c) Full details of all expenses related to the purchase and operation of punch boards and pull-tabs;~~

~~(d) Total net gambling income;~~

~~(e) The number of punch boards and the number of pull-tab series removed from play during the period; and~~

~~(f) The number of punch boards and the number of pull-tab series purchased during the period, less all unplayed devices returned for credit during the period.))~~

AMENDATORY SECTION:

WAC 230-08-140 ~~((Quarterly))~~ Activity reports by distributors.

Each licensed distributor shall submit an activity report to the commission concerning sales and services relating to gambling activities each quarter by completing a report form furnished by the commission. The following requirements shall be followed for completion and filing of activity reports:

(1) ~~((Quarterly reporting periods are defined as))~~ Licensees must report on activity occurring between:

- ~~(a) January 1((st through March 31st;~~
- ~~(b) April 1st)) through June 30((th)) of each year; and~~
- ~~((c)) (b) July 1((st through September 30th; and~~
- ~~(d) October 1st)) through December 31((st)) of each year.~~

(2) The completed report shall be received in the office of the commission or postmarked no later than thirty days following the end of the period for which it is made;

(3) The report shall be signed by the highest ranking executive officer or their designee. If the report is prepared by someone other than the licensee or their employee, then the preparer's name and business telephone number must be provided;

(4) The report shall ~~((include, among other items, the following:~~

~~—— (a) The gross sales of gambling related supplies or equipment or merchandise of any kind which could be used to operate, or in connection with, punch boards, pull-tabs, pull-tab dispensing devices, bingo, or amusement games, where such sales are made in the state of Washington or for use or distribution within this state;—~~

~~—— (b) The quantity of each specific type of device, equipment or merchandise sold within this state or for distribution and use within this state by the licensee;~~

~~—— (c) A listing of the name and address of each person who was a distributor's representative for the licensee during the three month period or who attempted to solicit sales of such devices, equipment or merchandise, either within the state of Washington or for use or distribution within the state; and—~~

~~—— (d) The number of employees in the state of Washington other than those listed in (c) of this subsection))~~ be completed in accordance with the related instructions furnished with the report.

(5) Each distributor with an active license must submit a report regardless of the level of activity. If no activity was conducted during the period, a report stating "no activity" shall be submitted;

(6) If a licensee does not renew their license, then they shall file a report for the period between the previous report filed and the expiration date of the license.

AMENDATORY SECTION:

WAC 230-08-150 ~~((Quarterly))~~ Activity reports by manufacturers.

Each licensed manufacturer shall submit an activity report to the commission concerning all sales and services relating to gambling activities each quarter by completing a report form furnished by the commission. The following requirements shall be followed for completion and filing of activity reports:

(1) ~~((Quarterly reporting periods are defined as))~~ Licensees must report on activity occurring between:

- ~~(a) January 1((st through March 31st;—~~
- ~~(b) April 1st)) through June 30((th)) of each year; and~~
- ~~((c)) (b) July 1((st through September 30th; and~~
- ~~(d) October 1st)) through December 31((st)) of each year.~~

(2) The completed report shall be received in the office of the commission or post-marked no later than thirty days following the end of the period for which it is made;

(3) The report shall be signed by the highest ranking executive officer or their designee. If the report is prepared by someone other than the licensee or their employee, then the preparer shall print his/her name and phone number on the report;

(4) The report shall ~~((include, among other items, the following:~~

~~(a) The gross sales of gambling related supplies or equipment, or merchandise of any kind which could be used to operate, or in connection with, punch boards, pull tabs, pull tab dispensing devices, bingo, or amusement games, when such sales are made in the state of Washington or for distribution or use within the state of Washington;~~

~~(b) The quantity of each specific type of such device, equipment, or merchandise sold within the state or for distribution or use within the state of Washington by the licensee;~~

~~(c) A listing of the name and address of each person who was a manufacturer's representative for the licensee or who solicited sales of such devices or equipment for or on behalf of the licensee within the state of Washington or for use or distribution within the state; and~~

~~(d) The number of employees in the state of Washington other than those listed in (c) of this subsection))~~ be completed in accordance with the related instructions furnished with the report.

(5) Each manufacturer with an active license must submit a report regardless of the level of activity. If no activity was conducted during the period, a report stating "no activity" shall be submitted;

(6) If a licensee does not renew their license, then they shall file a report for the period between the previous report filed and the expiration date of the license.

AMENDATORY SECTION:

WAC 230-08-160 (~~(Quarterly)~~) Activity reports by operators of social and public card rooms.

Each licensee for the operation of social or public card rooms shall submit an activity report to the commission concerning the operation of the licensed activity and other matters set forth below: Provided, That persons licensed under Class "D" - general, no fee charged, are exempt from all portions of this section:

(1) (~~Reports shall be submitted detailing activities occurring during each of the following periods of the year~~) Licensees must report on activity occurring between:

- (a) January 1(~~st through March 31st,~~
- ~~(b) April 1st~~) through June 30(~~th~~) of each year; and
- ~~((c)) (b) July 1(st through September 30th, and~~
- ~~(d) October 1st~~) through December 31(~~st~~) of each year.

(2) A report shall be submitted for any period of time the activity was operated or a license was valid. If a license is not renewed, a report for the period between the previous report filed and the expiration date shall be submitted;

(3) The report form shall be furnished by the commission and the completed report shall be received in the office of the commission or postmarked no later than thirty days following the end of the period for which it is made;

(4) The report shall be signed by the highest ranking executive officer or their designee. If the report is prepared by someone other than the licensee or an employee, the preparer shall print his/her name and phone number on the report;

(5) The report shall (~~be completed in accordance with the related instructions furnished with the report.~~ The report shall include the following:

- ~~(a) Gross gambling receipts;~~
- ~~(b) Full details of all compensation paid by the licensee to each person for any work connected with the management, promotion, conduct or operation of the card room;~~
- ~~(c) Full details of all other expenses related to the operation of the card room;~~
- ~~(d) Net gambling income or loss from the operation of the card room for the reporting period;~~
- ~~(e) The normal days and times of operation of the card room; and~~
- ~~(f) The total hours the card room was open during the period))~~ be completed in accordance with the related instructions furnished with the report.

Administrative Order #447 Effective Date 07-01-05

AMENDATORY SECTION:

WAC 230-08-165 (~~Quarterly~~) Activity reports by linked bingo prize providers.

Each licensed linked bingo prize provider shall submit an activity report to the commission concerning sales and services relating to gambling activities each quarter by completing a report form furnished by the commission. The following requirements shall be followed for completion and filing of activity reports:

(1) (~~Quarterly reporting periods are defined as~~) Licensees must report on activity occurring between:

- (a) January 1 (~~st through March 31st;~~
- ~~(b) April 1st~~) through June 30 (~~th~~) of each year; and
- ~~((c)) (b) July 1 (st through September 30th; and~~
- ~~(d) October 1st~~) through December 31 (~~st~~) of each year;

(2) The completed report shall be received in the office of the commission or post-marked no later than thirty days following the end of the period for which it is made;

(3) The report shall be signed by the highest ranking executive officer or their designee. If the report is prepared by someone other than the licensee or their employee, then the preparer's name and business telephone number must be provided;

(4) The report shall (~~include, among other items, the following:~~

~~(a) The gross sales of gambling related supplies or equipment or merchandise of any kind which could be used to operate, or in connection with bingo games where such sales are made in the state of Washington or for use or for distribution within this state;~~

~~—— (b) The quantity of each specific type of device, equipment or merchandise sold within this state or for distribution and use within this state by the licensee;~~

~~(c) A listing of the name and address of each person who was a linked bingo prize provider's representative for the licensee during the three-month period or who attempted to solicit sales of such devices, equipment or merchandise, either within the state of Washington or for use or distribution within the state;~~

~~(d) The number of employees in the state of Washington other than those listed in (c) of this subsection;~~

~~(e) The gross prizes disbursed for all linked bingo prizes managed;~~

~~(f) The balance of linked bingo prizes accrued; and~~

~~(g) A list of bingo licensees participating in linked bingo prizes managed))~~ be completed in accordance with the related instructions furnished with the report;

(5) Each linked bingo prize provider with an active license must submit a report regardless of the level of activity. If no activity was conducted during the period, a report stating "no activity" shall be submitted; and

(6) If a licensee does not renew their license, then they shall file a report for the period between the previous report filed and the expiration date of the license.

Administrative Order #447 Effective Date 07-01-05

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Please remove these rule changes and insert them into your rules manual.

AMENDATORY SECTION:**WAC 230-12-305 Licensee required to submit updated documents or information.**

In addition to any other requirements set forth in these rules, persons licensed by the commission shall submit any new or updated documents or information including, but not limited to, the following:

- (1) Articles of incorporation or by laws, or any other documents which set out the organizational structure and purposes;
- (2) Internal Revenue Service tax exemption status (charitable/nonprofit organizations only);
- (3) All contracts and agreements, whether oral or written which relate to gambling activities or alter the organizational structure of the licensee or its business activities in Washington state; and
- (4) All cash or asset contributions, draws from lines of credit, and loans, from other than recognized financial institutions, which individually or collectively exceed a total of ten thousand dollars during any calendar year: Provided, That cash or asset contributions do not include donations to licensed charitable or nonprofit organizations.

Submission timeline.

- (5) The new or updated documents and/or information shall be submitted to the commission ~~((by notation on the next quarterly activity report filed, and by attaching all details concerning each transaction: Provided, That licensees not required to submit quarterly activity reports shall submit the required information))~~ no later than sixty days following the transaction(s) date.

AMENDATORY SECTION:**WAC 230-12-310 Licensees to report to the commission civil, criminal and administrative actions filed against them.**

- (1) Each licensee shall report to the commission within fourteen days, all criminal actions filed against the licensee or the licensee's president, chief executive officer, chairman of the board, treasurer (chief financial officer), partner, person holding a substantial interest or manager of the licensed gambling activity. The final disposition of the case must be ~~((attached with the next quarterly activity report filed with the commission. Organizations not required to submit quarterly activity reports shall send the report to))~~ received by the commission within thirty days after the final disposition.

- (2) Each licensee shall report to the commission within thirty days, all civil and administrative actions filed by or against persons listed in subsection (1) of this section that involve ownership or control of the business, dissolutions, actions significantly affecting business interests, such as patent or copyright infringement and all administrative actions from other gambling regulatory agencies, including those from other countries and Indian tribes. ~~((This report shall be attached to the next quarterly activity report filed with the commission. Organizations not required to submit quarterly reports shall send the report to))~~ The final disposition of the case must be received by the commission within thirty days of ~~((their receipt of notice of the action filed and within thirty days after))~~ the final disposition.

- (3) The report shall consist of a complete copy of the original documents filed. The licensee shall notify the commission of the final disposition of the case and include a copy of the final documents filed including, but not limited to, settlement agreements.

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Please remove these rule changes and insert them into your rules manual.

AMENDATORY SECTION:

The version of this rule in your rules manual is no longer current. It has been rewritten in it's entirety. Strike through the rule in your manual and replace it with this new language.

WAC 230-20-115 Gift certificates (~~(Requirements)~~).

Bingo operators may award gift certificates as bingo prizes or sell certificates to their customers under the following conditions:

(1) **Standards for gift certificates.** Gift certificates must be purchased from a commercial printer or licensed distributor and have the following information printed on them:

- (a) A predetermined certificate number;
- (b) A predetermined dollar value;
- (c) The name of the organization issuing the certificate; and
- (d) Any conditions or contingencies related to the redemption of the certificate.

(2) **Awarding gift certificates as bingo prizes.** When gift certificates are awarded as bingo prizes:

- (a) The certificates must be issued consecutively;
- (b) The value of the certificates cannot exceed fifty dollars per bingo prize;
- (c) The certificates cannot be issued exclusively for punch boards or pull-tabs;
- (d) The value of each gift certificate must be recorded as a bingo prize in the daily bingo records, under the session awarded; and

(e) The bingo prize receipt for the certificate must be kept with the daily bingo records.

(3) **Selling gift certificates to customers.** When gift certificates are purchased by customers:

- (a) The certificates must be issued consecutively;
- (b) The certificates must be paid for in full at the time of purchase; and
- (c) All funds collected by the bingo operator must be deposited separately into the gambling account within five banking days. Each gift certificate number must be included with the deposit record.

(4) **Redeemed gift certificates:**

- (a) Redeemed certificates must be kept with the corresponding bingo daily sales records;
- (b) Gift certificates redeemed for bingo cards will not be considered sales of bingo cards;

and

(c) The dollar value and number of certificates redeemed must be recorded in the cash reconciliation section of the daily bingo records.

(5) **A monthly reconciliation** of gift certificate inventory to certificates issued is required and must include the following controls:

(a) A gift certificate inventory log, which includes the following:

- (i) Certificate number;
- (ii) Dollar value of each certificate;
- (iii) Date the certificate was sold or awarded as a bingo prize; and
- (iv) Date the certificate was redeemed;

(b) Purchase invoices, which must include the:

- (i) Name of the organization;
- (ii) Date the gift certificates were purchased; and
- (iii) Beginning and ending numbers on the gift certificates.

AMENDATORY SECTION:

WAC 230-20-335 Members-only raffles-Procedures-Restrictions.

Organizations may conduct members-only raffles utilizing simplified procedures. For purposes of this section, "members-only raffle" means a raffle conducted by selling chances only to members of the organization and a limited number of guests, and determining the winners from among those members and guests that have purchased chances. The following procedures and restrictions supplement or modify WAC 230-08-070 and 230-20-325 and apply only to members-only raffles:

Licensed versus unlicensed.

(1) An organization may conduct an unlimited number of unlicensed members-only raffles if the combined gross revenue from the raffles does not exceed five thousand dollars during a calendar year. If the organization plans to exceed the five thousand dollar gross receipts limit, it must obtain a raffle license.

Raffle to begin and end during membership meeting.

(2) In order to conduct raffles utilizing these simplified procedures, all phases of the raffle must be completed during a meeting of the members, and the meeting must be completed on the same day and at the same location without interruption;

Limit on number of guests.

(3) If guests are allowed to participate, the total number of guests, as a percentage of the total attendance of the meeting, shall not exceed twenty-five percent. Records shall be maintained that will allow commission staff to determine compliance with this requirement;

Rules of play.

(4) All disclosures required to be imprinted on a raffle ticket or chance may be provided to participants by posting a sign at each ticket sales point;

Tickets.

(5) Chances to enter a raffle may be included as a part of a package that includes dues, entertainment, or other fund-raising activities if the value of each component of the package is disclosed to the purchaser and the value of each individual raffle chance does not exceed twenty-five dollars: Pro-

vided, That initial applications for membership and any fees paid for such shall not include chances to enter raffles or to participate in any gambling activities;

Modified pricing schemes for tickets.

(6) The director may authorize an organization to deviate from the "same price" requirements of WAC 230-20-325(1) when the following requirements are met:

License required.

(a) The organization must have a current raffle license.

Request for approval.

(b) A request for approval of a modified pricing scheme must be received at the Lacey headquarters office at least thirty days prior to beginning the first raffle for which such approval is requested.

Subsequent pricing schemes.

(c) After an organization has received approval for a modified pricing scheme, the organization may utilize the identical approved pricing scheme in subsequent raffles, unless approval is rescinded or commission rules change. The following modified pricing schemes may be approved by the director:

Different prices for tickets - one cent to ten dollars.

(d) Chances to enter a raffle may be sold for different values, ranging from one cent to a maximum of ten dollars, if the following conditions are met:

(i) The scheme for assigning the cost of the ticket must be disclosed to the player before selling them a chance to participate. This disclosure shall include the total number of tickets in the population and the number of tickets at each price level;

(ii) Participants must be allowed to randomly select their ticket from the population of remaining tickets. Participants pay the amount imprinted upon the ticket they select;

(iii) The scheme provides an adequate audit trail that will allow commission staff and taxing authorities to determine gross gambling receipts;

(iv) The total gross gambling receipts available from raffles utilizing such schemes are limited to five thousand five dollars for each drawing;

(v) No more than two such drawings are conducted during a meeting of the members.

Discount based on number of tickets purchased.

(e) Chances may be sold for a discounted price that is based on the number of tickets a player purchases if:

(i) Participants are allowed to purchase a single ticket;

(ii) Only one discount scheme is allowed for each raffle. The amount of the discount must be set prior to beginning sales for the raffle;

(iii) The cost of a single ticket, without a discount, does not exceed ~~((two))~~ ten dollars;

(iv) The total cost of a discount package does not exceed twenty-five dollars;

(v) The cost of a single ticket shall be imprinted on each ticket (i.e., one dollar a piece or twelve for ten dollars; or two dollars a piece or fifteen for twenty dollars); and

(vi) The licensee shall establish an audit system that includes controls and procedures that will allow commission agents and taxing authorities the ability to determine gross gambling receipts from the sale of tickets utilizing discounts. Such system shall be submitted to the director or the director's designee as a part of the approval request;

Other pricing schemes.

(f) Multiple tickets to enter one or more drawings may be sold as a package as long as the total price of the package does not exceed twenty-five dollars; and

(g) Alternative pricing schemes may be used if specifically authorized by the director. Approval will be issued on an individual basis and will require a detailed written request;

Alternative drawing formats.

(7) The director may authorize an organization to determine the winners utilizing an alternative drawing format when the following requirements are met:

License required.

(a) The organization must have a current raffle license.

Request for approval.

(b) A request for approval of an alternative drawing format for a members-only raffle must be received at the Lacey headquarters office at least thirty days prior to beginning the first raffle for which such approval is requested. Requests for ap-

proval of alternative drawing formats shall be signed by the organization's raffle manager.

Subsequent alternative drawing formats.

(c) After an organization has received approval for an alternative drawing format, the organization may utilize the identical alternative drawing format in subsequent raffles, unless approval is rescinded or commission rules change.

Incentives for selling tickets.

(8) The limitations on noncash incentive awards for an individual raffle, set forth in WAC 230-20-325(11), are modified to allow awards that do not exceed five percent of the combined gross gambling receipts for all raffles conducted during a membership meeting if a record of the name, address, and telephone number is maintained for all persons receiving awards valued in excess of fifty dollars;

Prizes.

(9) Prizes must be owned by the organization conducting the raffle prior to drawing the winning tickets. Raffle prizes must meet the following requirements:

(a) Firearms shall not be awarded as prizes: Provided, That a raffle licensee may award firearms as prizes under the provisions set forth in WAC 230-12-040;

(b) Unopened containers of liquor may be awarded as a prize when the proper permit is obtained from the liquor control board;

(c) Prize limits must meet the requirements set forth in WAC 230-20-015; and

(d) Prizes shall be controlled as set forth in WAC 230-20-300.

Records.

(10) Raffle records, as required by WAC 230-08-070, are modified as follows:

(a) The threshold value for maintaining a record of the name, address, and telephone number of each winner of a prize is increased to include only prizes valued in excess of fifty dollars;

(b) Ticket disbursement records are not required; and

(c) Minimum record retention period is reduced to a period that is not less than one year following the date of each individual raffle drawing.

Our Mission: Protect the Public By Ensuring that Gambling is Legal and Honest.

For Operational or Regulatory Questions, please call our field office closest to you.

Bellingham (360) 738-6203

Spokane (509) 329-3666

Everett (425) 339-1728

Tacoma (253) 471-5312

Kennewick (509) 734-7412

Wenatchee (509) 665-3300

Renton (425) 277-7014

Yakima (509) 575-2820

Headquarters – Lacey
(800) 345-2529 (360) 486-3440 TDD: (360) 486-3637

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Washington State Gambling Commission

Mailing Address: P.O. Box 42400, Olympia, WA 98504-2400

Location: 4565 7th Avenue SE, Lacey, WA 98503

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